Province of
Newfoundland and Labrador

Public Accounts Volume II
Consolidated Revenue Fund
Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2012

Newfoundland
Labrador

Province of Newfoundland and Labrador

Public Accounts

Volume II

Consolidated Revenue Fund
Financial Statements

For The Year Ended
31 March 2012

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INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Canadian Institute of Chartered Accountants, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General of Finance and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of his audit. Budget figures, where available, are provided on several Statements for comparison purposes.

The Public Accounts for the year ended 31 March 2012 also includes one other volume, Volume I – Consolidated Summary Financial Statements. It presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for 2011-12 was released in August 2012 and presents expenditures and revenues using the modified cash basis of accounting. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates. Another report containing a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities was released as a separate report in the Winter of 2012. These reports are available online at the address noted below.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

The Public Accounts are available on the Internet at:
http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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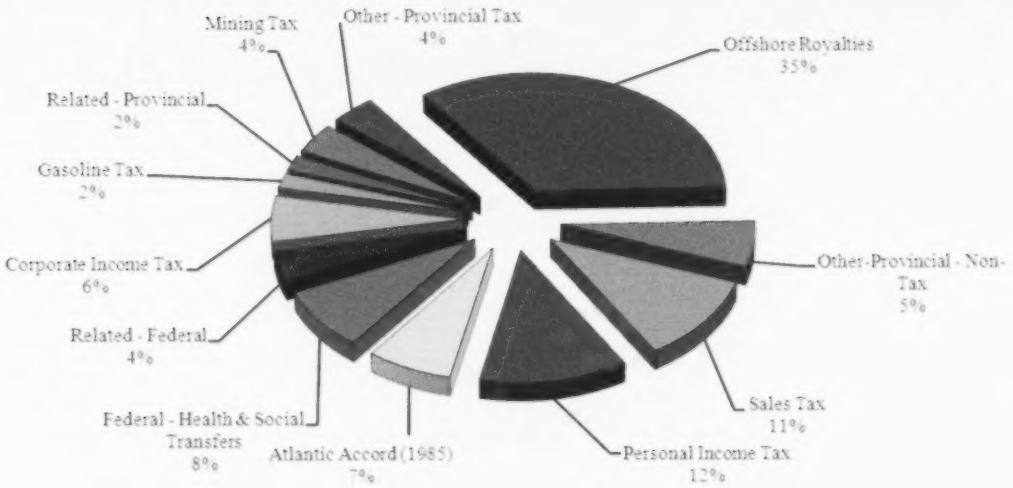
Revenue

Total revenue was $8.06 billion in 2011-12 which consisted of federal revenues of $1.49 billion and provincial revenues of $6.57 billion.

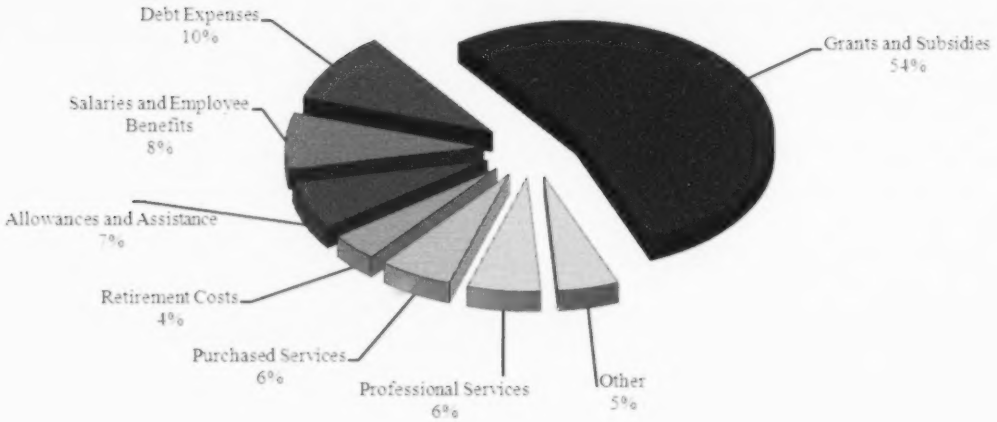
Revenue by Source - 31 March 2012



Expense

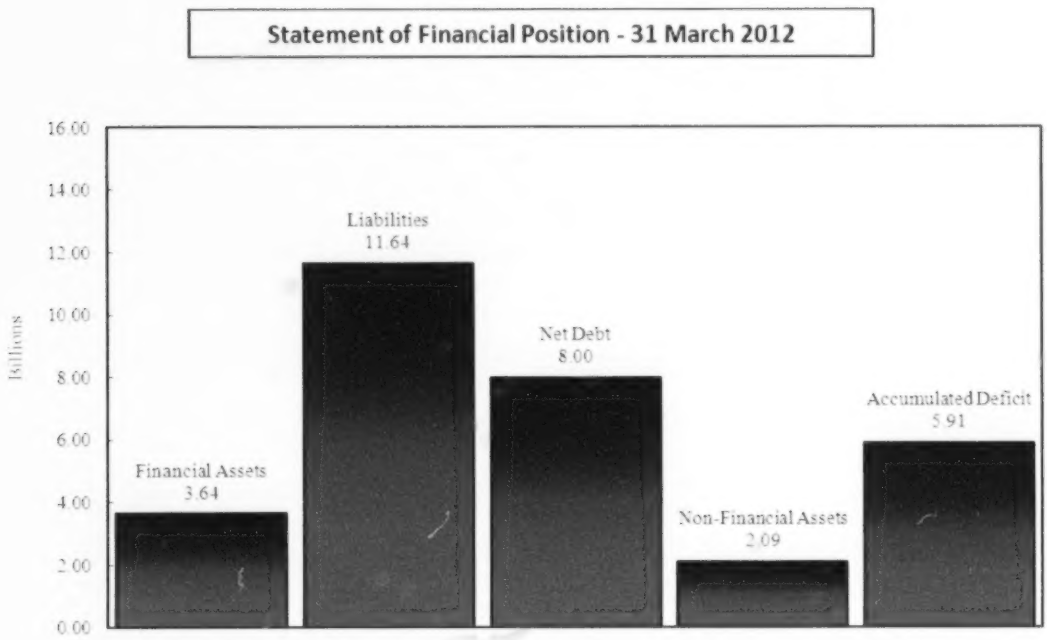
Total expenses were $7.40 billion in 2011-12. Grants and subsidies of $4.02 billion and debt expenses of $0.73 billion represented approximately 64% of this amount.

Expenses by Category - 31 March 2012



Financial Position

Net Debt of $8.00 billion consisted of $11.64 billion in liabilities less $3.64 billion in financial assets. Accumulated Deficit of $5.91 billion consisted of $8.00 billion in Net Debt less $2.09 billion in non-financial assets.



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Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Finance

17 December 2012

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the financial statements of the Consolidated Revenue Fund rests with the Government. As required under Section 59 of the *Financial Administration Act*, these financial statements are prepared by the Comptroller General of Finance in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these financial statements. Additionally, information has been provided by various government departments as required by Section 20 of the *Financial Administration Act*.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The financial statements in this volume include a Statement of Financial Position, a Statement of Change in Net Debt, a Statement of Operations, a Statement of Change in Accumulated Deficit, a Statement of Cash Flows and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 11 of the *Auditor General Act*, the Auditor General of Newfoundland and Labrador provides an independent opinion on the financial statements.

THOMAS W. MARSHALL, Q.C.
Minister of Finance and President
of Treasury Board

RONALD A. WILLIAMS, CA
Comptroller General of Finance

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OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador, which comprise the statement of financial position as at 31 March 2012, and the statements of change in net debt, operations, change in accumulated deficit, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Government's Responsibility for the Financial Statements

Government is responsible for the preparation and fair presentation of these financial statements as required by Section 59 of the *Financial Administration Act* and in accordance with the accounting policies as disclosed in Note 1 to these financial statements, and for such internal control as Government determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Government, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at 31 March 2012, and the results of its operations, the change in its net debt, the change in its accumulated deficit, and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 1 to these financial statements.

Report on Other Legal and Regulatory Requirements

As required under Section 11 of the *Auditor General Act*, I also report that in my opinion, these financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at 31 March 2012, and the results of its operations, the change in its net debt, the change in its accumulated deficit, and its cash flows for the year then ended in accordance with the accounting policies as disclosed in Note 1 to these financial statements applied on a basis consistent with that of the preceding year.

Other Matter

These financial statements have been prepared solely to present the activities of the Consolidated Revenue Fund for the year ended 31 March 2012. However, significant financial activities of the Province occur outside of the Consolidated Revenue Fund. These activities, together with those of the Consolidated Revenue Fund, are included in the consolidated summary financial statements of the Province and it is for this reason that those financial statements provide a more comprehensive accounting of the Province's financial position and the results of its operations, the change in its net debt, the change in its accumulated deficit, and its cash flows. A separate Auditor's Report is provided on the consolidated summary financial statements.

Sandra Russell

SANDRA RUSSELL, CA
Deputy Auditor General

21 December 2012
St. John's, Newfoundland and Labrador

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position
As at 31 March 2012
with comparative figures for 2011

		Actuals 2012 ($000)	Actuals 2011 ($000)
	FINANCIAL ASSETS		
	Cash and temporary investments at cost - notes 2, 16	1,907,924	1,733,815
	Government of Canada - claims in process - note 3	209,750	181,701
Sch. A	Accounts and taxes receivable	998,451	868,476
	Less: Allowance for doubtful accounts	79,561	77,718
		918,890	790,758
Sch. B	Loans, advances and mortgages receivable - note 15	193,745	90,322
	Less: Allowance for doubtful accounts - note 15	76,089	76,302
		117,656	14,020
Sch. C	Investments at cost	488,408	478,580
	Less: Allowance for investment writedowns	4,862	5,832
		483,546	472,748
	Total Financial Assets	3,637,766	3,193,042
	LIABILITIES		
Sch. E	Other liabilities	1,513,240	1,646,360
	Deferred revenue - note 4	36,586	35,269
Sch. F	Debenture and other debt	5,848,827	6,178,396
	Less: Sinking fund assets - note 5	912,895	924,322
	Plus: Unamortized unrealized foreign exchange gains (losses) - note 6	171,352	218,356
		5,107,284	5,472,430
	Group health and life insurance retirement benefits - note 8	1,984,535	1,820,898
	Unfunded pension liability - note 9	2,995,221	2,586,955
	Total Liabilities	11,636,866	11,561,912
	NET DEBT	7,999,100	8,368,870
	NON-FINANCIAL ASSETS		
Sch. D	Tangible capital assets	2,060,892	1,771,066
	Prepaid expenses	6,861	5,844
	Inventories of supplies	23,527	24,325
	Total Non-Financial Assets	2,091,280	1,801,235
	ACCUMULATED DEFICIT	5,907,820	6,567,635

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt
For the year ended 31 March 2012
with comparative figures for 2011

	Actuals 2012 ($000)	Original Estimates 2012 (Note 17) ($000)	Actuals 2011 ($000)
NET DEBT - beginning of period	8,368,870	13,137,858	8,400,932
Add (Deduct):			
Adjustments:			
Compensated absences - note 20	-	-	21,072
ADJUSTED NET DEBT - beginning of period	8,368,870	13,137,858	8,422,004
Surplus (Deficit) for the period	659,815	(25,721)	414,875
Changes in tangible capital assets			
Acquisition of tangible capital assets	408,339	543,358	490,078
Net book value of tangible capital asset disposals	(140)	-	(4,940)
Amortization of tangible capital assets	(118,373)	111,733	(125,414)
Increase (Decrease) in net book value of tangible capital assets	289,826	655,091	359,724
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	1,017		(457)
Acquisition of inventories of supplies (net of usage)	(798)		2,474
Increase (Decrease) in other non-financial assets	219		2,017
Increase (Decrease) in net debt	(369,770)	680,812	(53,134)
NET DEBT - end of period	7,999,100	13,818,670	8,368,870

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Operations
For the year ended 31 March 2012
with comparative figures for 2011

	Actuals 2012 ($000)	Original Estimates 2012 (Note 17) ($000)	Actuals 2011 ($000)
REVENUE			
Provincial			
Tax Revenue			
Sales	873,177	828,556	799,850
Personal income	942,454	862,330	886,797
Gasoline	168,566	173,870	168,902
Corporate income	486,654	505,720	532,588
Mining and mineral rights	317,449	348,970	228,076
Other	355,047	313,642	315,084
Non-Tax Revenue			
Offshore royalties	2,794,633	2,205,600	2,399,444
Investment	251,798	239,229	238,111
Fees and fines	167,739	148,108	174,406
Other	30,782	-	43,015
Related revenue	186,945	164,840	148,048
Government of Canada			
Atlantic Accord (1985)	536,121	536,121	641,862
Health and social transfers	625,347	622,330	597,506
Other	1,708	1,708	1,708
Related revenue	323,777	389,312	406,667
Total Revenue	8,062,197	7,340,336	7,582,064
EXPENSE			
Salaries	584,094	568,357	522,736
Employee benefits - note 20	43,806	(10,067)	25,716
Retirement costs	325,882	334,086	343,822
Transportation and communications	43,690	52,430	46,917
Supplies	114,449	102,970	102,160
Professional services	431,359	441,032	393,147
Purchased services	414,578	371,050	425,461
Property, furnishings and equipment	55,196	82,218	58,359
Allowances and assistance	524,912	511,232	484,189
Grants and subsidies	4,015,990	4,059,153	3,861,815
Debt expenses	731,805	739,772	774,769
Amortization (tangible capital assets)	118,373	111,733	125,414
Bad debt expenses	(1,752)	2,091	2,684
Total Expense	7,402,382	7,366,057	7,167,189
ANNUAL SURPLUS (DEFICIT) - note 10	659,815	(25,721)	414,875

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Accumulated Deficit
For the year ended 31 March 2012
with comparative figures for 2011

	Actuals 2012	Original Estimates 2012 (Note 17)	Actuals 2011
	($000)	($000)	($000)
ACCUMULATED DEFICIT - beginning of period	6,567,635		6,961,438
Add (Deduct):			
Adjustments:			
Compensated absences - note 20	-		21,072
ADJUSTED ACCUMULATED DEFICIT - beginning of period	6,567,635		6,982,510
Surplus (Deficit) for the period - note 20	659,815	(25,721)	414,875
ACCUMULATED DEFICIT - end of period	5,907,820		6,567,635

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows
For the year ended 31 March 2012
with comparative figures for 2011

	Actuals 2012 ($000)	Actuals 2011 ($000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit)	659,815	414,875
Add (Deduct) non-cash items:		
Amortization of foreign exchange (gains)/losses	(20,650)	(17,774)
Amortization of tangible capital assets	118,373	125,414
April writebacks	(142,921)	196,267
Deferred revenue	1,317	(9,390)
Other	(152,974)	(224,129)
Retirement costs	571,903	603,631
Sinking funds	(50,218)	(46,132)
Valuation allowances	(6,147)	173
Net cash provided from (applied to) operating transactions	978,498	1,042,935
CAPITAL		
Acquisitions	(408,339)	(490,078)
Disposals	2,500	2,285
Net cash provided from (applied to) capital transactions	(405,839)	(487,793)
FINANCING		
Debt assumed	-	103,246
Debt retirement	(358,940)	(246,627)
Sinking fund contributions	(50,153)	(50,153)
Sinking fund proceeds	114,738	-
Special purpose funds/contractors' holdback funds	8,317	(7,400)
Treasury bills purchased	1,971,159	2,009,951
Treasury bills redeemed	(1,971,056)	(2,010,974)
Net cash provided from (applied to) financing transactions	(285,936)	(201,957)
INVESTING		
Loan advances and investments	(120,666)	(25,527)
Loan repayments	8,052	1,259
Net cash provided from (applied to) investing transactions	(112,614)	(24,268)
Net cash provided (applied)	174,109	328,917
Cash and temporary investments - beginning of period	1,733,815	1,404,898
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	1,907,924	1,733,815

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Financial Statements
For the year ended 31 March 2012

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the *Financial Administration Act* of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting

(i) *Method*

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known.

Other revenues are recorded on an accrual basis.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) *Assets*

Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Accounts and taxes receivable are recorded for all amounts due for work performed and goods or services supplied. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost and are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

(v) *Liabilities*

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria are met.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(c) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistent with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2012 ($mil)	31 March 2011 ($mil)
Cash balance (overdraft)	1,258.6	1,183.2
Temporary investments - note 16	649.3	550.6
Total: Cash and Temporary Investments	1,907.9	1,733.8

As at 31 March 2012, these investments have maturity dates ranging from 5 April 2012 to 31 March 2013 at interest rates ranging from 1.14% to 1.15%.

3. Government of Canada – Claims in Process

Consists of:

	31 March 2012 ($mil)	31 March 2011 ($mil)
Claims receivable at 31 March not received in April	160.8	134.0
Receipts in April	49.0	47.7
Total: Government of Canada – Claims in Process	209.8	181.7

4. Deferred Revenue

Consists of:

	31 March 2012 ($mil)	31 March 2011 ($mil)	Change ($mil)
Federal initiatives in support of community development, employment development and police officers	17.1	15.5	1.6
Gas tax initiatives	14.1	8.5	5.6
Federal government funding for various health care initiatives	4.5	10.9	(6.4)
Other miscellaneous programs	0.9	0.4	0.5
Total: Deferred Revenue	36.6	35.3	1.3

The balance as of 31 March 2012 will be recognized as revenue in the periods in which the revenue recognition criteria have been met.

5. Sinking Fund

The value of the sinking funds as recorded in the Newfoundland and Labrador Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2012 ($mil)	31 March 2011 ($mil)
Investments at cost	798.7	768.8
Amortization of bond discount	75.8	114.7
Investments at amortized cost	874.5	883.5
Cash and receivables less accounts payable	38.4	40.8
Net Sinking Fund Assets - translated at 31 March	912.9	924.3

The net sinking fund assets balance of $912.9 million Canadian dollars as at 31 March 2012 includes $314.3 million U.S. dollars translated to $313.6 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of $924.3 million Canadian dollars as at 31 March 2011 includes $290.4 million U.S. dollars translated to $281.6 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

6. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2012 or the exchange rate at maturity for those debt and sinking funds retired during the fiscal year. See Schedule F - Debenture and Other Debt. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is $20.7 million which represents a credit adjustment (31 March 2011 - $17.8 million-credit adjustment). This is included in debt expenses on the Statement of Operations.

	31 March 2012 ($mil)	31 March 2011 ($mil)
Foreign exchange gain (loss):		
Debt	224.2	253.5
Sinking funds	(67.2)	(70.2)
Net	157.0	183.3
Total accumulated amortization	14.4	35.1
Net unamortized unrealized foreign exchange gains (losses)	171.4	218.4

7. Provision for Guaranteed Debt

The provision for possible losses on guaranteed debt is nil (31 March 2011- nil) (see note 12(a)).

8. Retirement Benefits – Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Public Service Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. These programs provide both group health and group life benefits to enrolled retirees.

Under Government's program, the Province contributes 50% towards group health and group life premiums for both employees and retirees. Government also contributes 50% towards group health and group life premiums for both teachers and retirees insured under the programs sponsored by the NLTA, subject to the maximum rates under Government's program. As at 31 March 2012, the plans provided benefits to 19,580 retirees.

Actuarial Valuations

An actuarial extrapolation was prepared to 31 March 2012 by the Province's actuaries based on the latest actuarial valuation (valuation date of 31 March 2009) for the programs sponsored by the Province and the NLTA. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 3.85%, Consumer Price Index (CPI) of 2.50%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Losses	Net Liability 2012	Net Liability 2011	Change
	($mil)	($mil)	($mil)	($mil)	($mil)
Group health retirement benefits	2,590.2	(688.9)	1,901.3	1,740.4	160.9
Group life insurance retirement benefits	108.5	(25.3)	83.2	80.5	2.7
Total	2,698.7	(714.2)	1,984.5	1,820.9	163.6

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Province's Share of Current Period Costs ($mil)	Interest Expense on the Liability ($mil)	Province's Current Period Contributions ($mil)	Current Period Amortization of Experience Changes ($mil)	Plan Amendments ($mil)	Change ($mil)
Group health retirement benefits	64.1	97.8	(30.2)	29.2	-	160.9
Group life insurance retirement benefits	1.8	4.3	(4.3)	0.9	-	2.7
Total	65.9	102.1	(34.5)	30.1	-	163.6

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest related to group health and life insurance retirement benefits for 31 March 2011 amounted to $96.8 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

9. Retirement Benefits - Pensions

Defined Benefits

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 38,609 participants as at 31 March 2012.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2012, the plans provided benefits to 25,128 pensioners. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan or the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity of these five plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Teachers' Pension Plan

Employee contributions are 9.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 8 February 1999, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009, the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 8 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan is 7.25%. The expected rate for the Teachers' Pension Plan is 7.25% projected on a long-term basis. The expected rate for the Uniformed Services Pension Plan is 7.25% projected on a long-term basis. The expected rate for the Members of the House of Assembly Pension Plan is 7.25% for the Registered component and 3.85% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Provincial Court Judges' Pension Plan is 6.75% for the Registered component and 3.85% for the Supplementary Employee Retirement component, projected on a long-term basis.

Expected Inflation Rates

The expected inflation rate for all pension plans is 2.50%.

The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

Pension Plan	Valuation Date
Public Service	31 December 2009
Teachers'	31 August 2009
Uniformed Services	31 December 2008
Members of the House of Assembly	31 December 2009
Provincial Court Judges'	31 December 2007

Actuarial extrapolations are provided for accounting purposes by the Province's actuaries based on the above dates, unless otherwise noted.

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefit obligation and the value of the plan assets reported below have been extrapolated by the Province's actuaries to 31 March 2012. The actual results of future valuations may result in variances from these extrapolations.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2012	Net Unfunded Liability 2011	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	6,401.9	3,771.8	(800.5)	1,829.6	1,599.7	229.9
Teachers'	3,950.0	2,413.4	(631.3)	905.3	748.5	156.8
Uniformed Services	359.6	152.9	(27.5)	179.2	161.6	17.6
Members of the House of Assembly	103.9	14.7	(18.4)	70.8	68.3	2.5
Provincial Court Judges'	16.1	4.0	(1.8)	10.3	8.8	1.5
Total	10,831.5	6,356.8	(1,479.5)	2,995.2	2,586.9	408.3

Pension Fund Assets are valued at the market value at 31 December 2011 and projected to year end.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period ($mil)	Pension Interest Expense on the Unfunded Liability ($mil)	Province's Current Period Pension Contributions ($mil)	Current Period Amortization of Experience Changes ($mil)	Other Adjustments ($mil)	Unfunded Portion of Current Period Pension Change ($mil)
Public Service	21.5	158.4	(33.8)	83.8	-	229.9
Teachers'	26.9	91.1	(43.4)	82.2	-	156.8
Uniformed Services	3.6	13.1	(4.1)	5.0	-	17.6
Members of the House of Assembly	2.2	3.2	(6.2)	3.3	-	2.5
Provincial Court Judges'	1.3	0.4	(0.3)	0.1	-	1.5
Total	55.5	266.2	(87.8)	174.4	-	408.3

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2011 amounted to $281.4 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Other Pension Plans

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 31,382 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the London Life Insurance Company and at 31 March 2012 assets had a market value of $261.0 million (31 March 2011 - $258.8 million).

10. Current and Capital Account

The annual surplus of $659.8 million (31 March 2011 - surplus of $414.9 million) is comprised of a surplus on the current account of $987.4 million (31 March 2011 - surplus of $803.2 million) and a deficit on the capital account of $327.6 million (31 March 2011 - deficit of $388.3 million). The classification of revenue and expenses between current account items and capital account items follow the classifications as per the Estimates for the purposes of categorizing the annual deficit.

11. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a Crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2012 amounted to $8.6 million (31 March 2011 - $28.0 million). See Schedule K - Reconciliation of Budgetary Contribution (Requirement) to Accrual.

12. Contingent Liabilities

(a) Guaranteed Debt

Guarantees made by the Province as at 31 March 2012 amounted to $1,467.6 million (31 March 2011 - $1,596.4 million). In addition, the Province guaranteed the interest thereon. See Schedule G - Guaranteed Debt.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.

(ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Registrar of the Supreme Court*

The Province of Newfoundland and Labrador guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (*Judicature Act*). See Schedule I - Trust Accounts.

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 9.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2012, the Memorial University of Newfoundland Pension Plan had an unfunded pension liability for funding purposes of $293.8 million (31 March 2011 - $317.5 million). However, there currently exists sufficient money in the Fund for the payment of expenditures as they fall due.

(iii) *Trust Accounts*

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule I - Trust Accounts.

(iv) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was $21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(v) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has no guarantees issued at 31 March 2012. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling $10.0 million, of which $7.7 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule E - Other Liabilities.

(vi) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, there are a number of sites throughout the Province which are considered potentially contaminated sites. A liability will be accrued in the financial statements when it has been determined that the Province is liable for a site which has become contaminated and where a reasonable estimate of the remediation costs can be made. To date, $29.7 million has been recorded (see Schedule E - Other Liabilities).

Where it is uncertain as to whether an obligation exists for the Province to remediate a contaminated site, then information on any such sites will be disclosed as contingent liabilities.

As at 31 March 2012, while the Province is aware of a number of contaminated sites, the full extent of the remediation costs for these known sites is not readily determinable other than those indicated below. It is the responsibility of the departments to identify any other potentially contaminated sites which are owned by the Province and to collect the information necessary to assess the extent or likelihood of any environmental damage. As contaminated sites are identified, additional environmental liabilities may be recognized or contingent liabilities disclosed due to newly identified sites and/or changes in the assessments of currently known sites.

Former Abitibi-Consolidated Sites

In December 2008, the Province passed legislation entitled *Abitibi-Consolidated Rights and Assets Act* to expropriate certain rights and assets from Abitibi-Consolidated. Abitibi filed for creditor protection, and was granted a stay of creditor proceedings, under the *Companies' Creditor Arrangements Act* ("CCAA") in April 2009. The Province petitioned the CCAA court for a declaration that Abitibi is responsible for full compliance with the *Provincial Environmental Protection Act*, which included clean-up of its former sites. The CCAA court ruled that any claims the Province may have regarding clean-up of the former sites can be compromised and extinguished by the CCAA process, the practical effect of which is that the Province could bear the burden of clean-up of these sites.

In November 2011, the Province brought the matter to the Supreme Court of Canada. The Supreme Court of Canada released its decision on 7 December 2012. As a result of the ruling, the Province is responsible for the remediation costs of sites formerly occupied by Abitibi and owned by the Province. For legal purposes, initial environmental site assessments estimated the extent of the contamination for potential remediation of approximately $265 million. However, further environmental site assessments would be necessary to assess the human health and ecological risks and to determine the methods and related costs required to remediate the contamination. The completion of any such assessments would inform the Province as to the extent of the necessary remediation efforts and costs which would result in the giving up of future economic benefits and the recognition of a liability for the Province. As at 31 March 2012, a liability of $4.6 million has been recorded to address the known health and safety concerns.

Former Mining Sites

The Province owns two former mining sites which have estimated costs for remediation that are potentially significant: the former Baie Verte Asbestos Mine (order of magnitude costs of $40.0 million) and the former Consolidated Rambler Mines Copper Mine (order of magnitude costs of $95.0 million). The Province has completed rehabilitation at these sites designed to address human health and safety issues. No remediation expenditures are planned for the next five years. In addition to these two sites, the Province, by way of the Mineral Strategy, is seeking to complete an inventory and risk based priority list of orphaned and abandoned mines.

13. Contractual Obligations

Contractual obligations to outside organizations in respect of contracts entered into before 31 March 2012 consists of:

	31 March 2012 ($mil)	31 March 2011 ($mil)
Capital projects	588.9	582.3
Provincial policing agreement	142.2	58.5
Economic development	58.4	73.6
Ferry services	55.2	23.5
Information technology services	51.4	48.2
Lease payments	46.0	28.2
Telephone services	7.6	12.4
Food services	1.3	1.3
Forestry management	-	10.9
Other projects	57.3	30.4
Total: Contractual Obligations	1,008.3	869.3

These contractual obligations will become liabilities and expenses of the Consolidated Revenue Fund when the terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

14. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. Some examples of where measurement uncertainty exists are the accrual of retirement benefits, the allowance for guaranteed debt and the accrual of self-insured workers' compensation benefits.

15. Comparatives

Certain of the 31 March 2011 financial statement figures and related schedules have been restated to be consistent with the 31 March 2012 statement presentation.

16. Cash Requirements

The following summarizes the actual cash requirements, borrowings and utilization of the borrowings in excess of cash requirements for the year ended 31 March 2012. The total borrowing contribution has been adjusted for the modifications to the cash basis of accounting to arrive at the cash requirement. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2012 for further information on the calculation of the Total Borrowing Contribution of $411.3 million noted below.

	31 March 2012 ($mil)
Total Borrowing Contribution (Requirement)	411.3
Add (Deduct):	
Treasury bill borrowing repayments	(1,971.1)
Temporary investments 1 April 2011	550.6
Writeback expenditure - 2012	395.0
Writeback expenditure - 2011	(536.6)
Federal trust funds	(1.1)
Writeback revenue - 2012	(49.0)
Writeback revenue - 2011	47.7
Special purpose funds	(1.0)
Contractors' holdback funds	9.3
Prior year's expenditure cheques recovered	7.9
Other Adjustments	(109.5)
Total: Cash Requirements	(1,246.5)
Borrowings:	
Treasury bill borrowings	1,971.2
Increase (Decrease) in cash balance (overdraft)	75.4
Total: Borrowings	1,895.8
Temporary Investments 31 March 2012	649.3

17. Original Estimates

Certain amounts in the 2011-12 Estimates shown for comparative purposes were prepared on the accrual basis.

The primary focus of the accrual budget information presented in the 2011-12 Budget Speech was to adhere to the more general format of the Consolidated Statement of Operations in Volume I. The details of the budgeted revenue and expense items that comprised the annual deficit amount of $25.7 million (consistent with the more detailed format of the non-consolidated Statement of Operations in Volume II) were not disclosed in the 2011-12 Budget Speech but rather were obtained from internal documentation used to calculate the budgeted surplus disclosed in the 2011-12 Budget Speech. In addition, an amount for Net Debt was also obtained from internal documentation.

In arriving at the original estimate figures on the Statement of Operations, implicit costs associated with the acquisition of tangible capital assets, which were eliminated from these items, were estimated based on a reasonable allocation methodology.

18. Change in Government Structure

Under section 5 and 17 of the Executive Council Act, government departments were reorganized effective 28 October 2011. Pursuant to Cabinet direction, the new financial structure for the departments commenced for the 2011-12 fiscal year. The comparative figures have been restated to reflect this new departmental structure.

19. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

20. Compensated Absences

The Province's employees working full-time and part-time hours receive sick leave that is earned at varying amounts. Unused hours can be carried forward for future paid leave, up to predetermined maximum amounts. This is an unfunded program with no specific assets segregated to meet the obligations when they become due.

During the year, the Province estimated its sick leave liability in accordance with the Public Sector Accounting Standard PS3255, based upon the Province's best estimate of the probability of the employees utilizing the benefits and current salary levels. These changes have been applied retroactively with restatement resulting in an adjustment to beginning Net Debt and Accumulated Deficit of $21.1 million for 2011. The liability for the Province at 31 March 2012 is $23.7 million (31 March 2011 - $22.4 million). Expenses related to this liability increased in 2012 by $1.3 million and in 2011 by $1.3 million and consequently the annual surplus decreased by these amounts for those fiscal years.

Schedule A

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable
As at 31 March 2012
with comparative figures for 2011

	2012 ($000)	2011 ($000)
Accounts Receivable:		
Offshore royalties	421,018	437,674
Crown agencies working capital and unremitted profits	68,620	62,328
Court fines	38,139	40,286
Social assistance overpayments	34,008	31,025
Miscellaneous/other receivables	32,620	29,448
Student loans	23,515	27,105
Nalcor Energy	12,514	3,225
Accident recovery claims	7,214	1,233
Reciprocal billings - medical services	5,974	5,562
Amounts due as a result of Constituency Allowance review	2,772	2,708
Rent and other royalties/permits to occupy	2,387	2,158
Workplace, Health, Safety and Compensation Commission	1,851	2,005
Due from municipalities	1,729	1,398
Accrued interest on temporary investments	935	787
Fees and licences	779	624
Province of Newfoundland and Labrador Pooled Pension Fund	772	760
Atlantic Lottery Corporation Incorporated	166	-
Travel advances	131	127
Medical care plan audit recoveries	28	414
Total: Accounts Receivable	655,172	648,867
Taxes Receivable:		
Mining and mineral rights tax	231,908	78,278
Sales tax	57,219	92,658
Gasoline tax	14,313	14,039
Health and post secondary education tax	12,759	9,664
Tobacco tax	10,498	11,150
School tax	9,353	9,465
Insurance companies tax	4,507	4,106
Corporate capital tax	2,510	-
Miscellaneous/other taxes	212	248
Forest management tax	-	1
Total: Taxes Receivable	343,279	219,609
Total: Accounts and Taxes Receivable	998,451	868,476

NOTE

The allowance for doubtful accounts for 31 March 2012 is $79.6 million (31 March 2011 - $77.7 million).

Schedule B

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable
As at 31 March 2012
with comparative figures for 2011

	2012 ($000)	2011 ($000)
Crown Agencies:		
Business Investment Corporation - note 1	54,357	54,357
C.A. Pippy Park Commission	250	250
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Student Loan Corporation	102,000	-
Total: Crown Agencies	163,426	61,426
Commercial Loans:		
6574262 Canada Inc.	500	500
A. L. Stuckless & Sons Limited	1,217	1,217
Afinin Lab Inc.	30	-
Atlantic Fisheries Limited	980	980
Bit Trap Studios Canada Inc.	282	126
Blue Drop Inc.	500	-
Blue Ocean Satellite Systems Inc.	221	-
Canada Fluorspar (NL) Inc.	349	-
Clear Risk Inc.	420	420
Cote's Mechanical Limited	200	200
Doyle, James & Sons Ltd.	771	771
Easteel Industries Limited	3,658	3,658
Eastern Ocean Products Limited	163	163
Eastern Star Group Canada Inc.	500	450
Gavijo Innovations	15	15
George Sexton Limited	50	50
Grandy, Gordon	90	90
Griffiths Guitars International Inc.	-	171
Holson Forest Products Ltd.	7,100	7,000
Hughes, Vincent	50	50
IC Spa Products Inc.	183	185
Island Seafoods Products Limited	125	146
Keats, Eric	102	102
Koby Seat Inc.	9	9
Mediclink Systems Limited	58	-
Melindy, John	191	191
MyTelescope.com Inc.	315	315
Newfoundland Harvesting Limited	2,727	2,727
Newman, Raymond	162	162
Northeast Coast Sealers Co-op Society Limited	367	367
Object Oriented Concepts Inc.	-	97
O'Rourke, Rupert	337	337

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2012 ($000)	2011 ($000)
Commercial Loans:		
Other Ocean Group Inc.	781	948
Pittman, Thomas	93	93
Procom Data Services	143	-
Pumphrey, Gerry	537	537
Quorum Information Group	161	-
Rolls-Royce Canada Limited	-	500
Saunders, Ralph	61	61
Seacraft Limited	68	68
Seaward, Alphonsus	99	99
Sexton Lumber Ltd.	2,220	2,250
Short, William	262	262
Superior Waterproof Coatings NF & LB Inc.	154	154
Sweet, Roy	49	49
Terra Nova Marine Co. Ltd.	400	400
Terra Nova Shoes ULC	7,000	7,000
Uncle Phil's Think Tank Inc.	75	-
Virtual Marine Technology	991	991
Vokey's Shipyard Limited	100	100
Whelan, Ormond	853	853
White's Fisheries Limited	50	50
Wilson, Ronald & Curtis, Kevin	298	298
Total: Commercial Loans	36,067	35,212
Other Organizations:		
Gros Morne Mortgages	-	68
Municipalities	197	197
Total: Other Organizations	197	265
Sub-Total: Loans, Advances and Mortgages Receivable	199,690	96,903
Less: Discounts due to concessionary terms on loans - note 4	(5,945)	(6,581)
Total: Loans, Advances and Mortgages Receivable	193,745	90,322

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

NOTES

1. Business Investment Corporation

The Province advanced funds to Business Investment Corporation for the purpose of making loans and equity investments to enable it to carry out its mandate. The advances were non-interest bearing and had no fixed terms of repayment or maturity date.

2. Interest Rates and Loan Terms

Interest rates on loans range from non-interest bearing to 14% and are repayable over terms not exceeding twenty-five years.

3. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2012 is $76.1 million (31 March 2011 - $76.3 million).

4. Discounts due to concessionary terms on loans

Presentation has been changed in fiscal 2012 and comparative figures for 2011. The discount is the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement. In previous years, this discounting was included as a component of the Allowance for Doubtful Accounts. This change in presentation has been applied retroactively with restatement.

Schedule C

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments
As at 31 March 2012
with comparative figures for 2011

Description of Investment	Net Additions	Balance 31 March 2012 No. of Shares	Balance 31 March 2012 Cost	2011 Cost
	($000)		($000)	($000)
Preferred Shares:				
Atlantic Ocean Farms Limited - Class A, redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class B	-	5,000	500	500
Burton's Cove Logging and Lumber	2,018	76	3,818	1,800
Cold Ocean Salmon Inc. - Class A	-	10,000	10,000	10,000
Country Ribbon Inc.	-	4,500	4,500	4,500
Gray Aqua Group Ltd. - Class A	2,000	3,000,000	3,000	1,000
Northern Harvest Sea Farms Newfoundland Ltd.	6,000	8,000,000	8,000	2,000
Orphan Industries Limited - Class B	-	82,450	824	970
Pixecur Technologies Inc. - redeemable	-	4,000	400	400
Total: Preferred Shares Investments	10,018		31,332	21,460
Common Shares:				
ACF Equity Atlantic Inc.	-	2,390,000	2,231	2,231
ACZEN Innovations Inc. - Class A	-	1,763	176	176
Adfinitum Networks Inc.	-	3,300	330	330
Atlantic Lottery Corporation Inc.	-	1	-	-
Blue Drop Inc. - Class D	-	-	-	500
Consilient Technologies Corporation - Class B	-	568,182	500	500
Dockside Appetizers Ltd. - Class B	-	310	31	31
Dynamic Air Shelters Ltd. - Class B	-	500,000	500	500
First Choice Vision Centre Limited - Class B	-	4,258	426	454
Hurley Slate Works Company Inc. - Class B	-	400	400	400
Inter-Provincial Lottery Corporation - Class B	-	1	-	-
iSYS Intelligent Systems Solutions - Class F	-	986	98	98
Jackman Brand Marketing Inc. - Class B	-	1,250	125	125
Manitoba Telecom Services Inc.	-	126	-	-
Marble Mountain Development Corporation	-	500	-	-
Marine Industrial Lighting Systems	500	5,000	500	-
MedicLink Systems Ltd. - Class A	-	3,517	352	352
Municipal Assessment Agency	-	1	-	-
Nalcor Energy Corporation	-	122,500,018	110,187	110,187
NavSim Technologies	-	2,500	250	250
Newfound Genomics Inc.	-	5,000	500	500
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Immigrant Investor Fund Ltd.	-	3	-	-

INVESTMENTS (continued)

Description of Investment	Net Additions	Balance 31 March 2012 No. of Shares	Balance 31 March 2012 Cost	2011 Cost
	($000)		($000)	($000)
Common Shares:				
Newfoundland Government Fund Limited - Class B	-	2	-	-
Newfoundland Hardwoods Limited	-	253	26	26
Newfoundland Ocean Enterprises Limited	-	3	3	3
Newlab Clinical Research Inc. - Class A	-	4,840	484	500
Northern Radar Inc. - Class C	-	3,749	375	375
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
SAC Mfg. Inc. - Class B	-	500	500	500
Sexton Lumber Co. Ltd.	-	5,000	500	500
Solace Power Inc. - Class D	-	1,401	140	140
Trans Ocean Gas Inc.	-	18,000	90	90
Total: Common Shares Investments	500		118,724	118,768
Non-Share Equity:				
Nalcor Energy Corporation	-	-	275,500	275,500
Newfoundland and Labrador Housing Corporation	-	-	62,852	62,852
Total: Non-Share Equity Investments	-	-	338,352	338,352
Total: Investments	10,518		488,408	478,580

NOTE

Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2012 is $4.9 million (31 March 2011 - $5.8 million).

Schedule D

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2012
with comparative figures for 2011

	Original Cost				Accumulated Amortization				
Category	Balance 31 March 2011	Additions 2012	Disposals 2012	Balance 31 March 2012	Balance 31 March 2011	Amort. Net of Disposals 2012	Balance 31 March 2012	Net Book Value 31 March 2012	Net Book Value 31 March 2011
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Buildings	1,072.8	46.8	0.2	1,119.4	562.3	31.6	593.9	525.5	510.5
Marine vessels and aircraft	145.5	109.4	15.6	239.3	67.9	(7.6)	60.3	179.0	77.6
Equipment and machinery	156.6	16.8	5.2	168.2	90.0	7.5	97.5	70.7	66.6
Infrastructure	4,173.7	296.9	-	4,470.6	3,498.0	63.4	3,561.4	909.2	675.7
Computer software	58.2	2.3	-	60.5	50.1	2.6	52.7	7.8	8.1
Sub-total	5,606.8	472.2	21.0	6,058.0	4,268.3	97.5	4,365.8	1,692.2	1,338.5
Work in progress				368.7				368.7	432.6
Total				6,426.7				2,060.9	1,771.1

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets. Fully amortized tangible capital assets are recorded at gross cost and accumulated amortization.

2. Work in Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. Government currently has a number of projects under construction or development with a total for 31 March 2012 of $368.7 million (31 March 2011 - $432.6 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of $472.2 million include $312.9 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of $249.0 million less disposals of $nil for 2011-12.

3. Amortization Expense

Amortization net of disposals in the amount of $97.5 million as reported in the schedule consists of amortization expense of $118.4 million less accumulated amortization on assets disposed of in the year in the amount of $20.9 million.

Amortization net of disposals as at 31 March 2011 was $103.2 million which consisted of amortization expense of $125.4 million less accumulated amortization on assets disposed of in the year in the amount of $22.2 million.

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

TANGIBLE CAPITAL ASSETS (continued)

7. Leased Assets

The gross amount of leased tangible capital assets is $27.4 million (31 March 2011 - $27.4 million), amortization expense is $0.7 million (31 March 2011 - $0.7 million), and accumulated amortization is $13.4 (31 March 2011 - $12.7 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled Abitibi-Consolidated Rights and Assets Act, to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Nalcor Energy to manage and operate the hydro electricity generating assets on behalf of the Province, no decision has been made on whether the assets will continue to be held by the Province, or transferred to Nalcor Energy or other parties. Nalcor Energy is operating these electricity generating assets on a cost recovery basis, and with revised power purchase rates now applying to these facilities. As the value of the electricity generating assets expropriated, and their ultimate use, have not been determined, any payments related to subsection 10.(2) of the Act have been recorded as tangible capital assets. $148.2 million, net has been recorded as the cost of the electricity generating assets for the fiscal year ended 31 March 2012 and are included in the infrastructure category. As the value of the non-electricity generating assets expropriated, and their ultimate future use have not been determined, they have been recorded as tangible capital assets at a nominal amount.

Schedule E

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities
As at 31 March 2012
with comparative figures for 2011

	2012 ($000)	2011 ($000)
Accounts payable write-backs	395,002	536,636
Due to Government of Canada - note 1	346,934	365,870
Accrued salaries and employee benefits - note 2	202,995	187,226
Accrued interest	148,262	151,288
Due to municipalities	131,118	167,460
Accounts payable - other	87,514	24,033
Self-insured workers' compensation benefits - note 3	32,005	31,809
Environmental liabilities	29,720	21,615
Offshore royalties	28,202	38,089
Capital leases - note 4	27,732	28,541
Contractors' holdbacks	25,514	16,149
Taxes payable	15,512	28,986
Physician services	14,129	15,326
Special purpose funds - note 5	9,624	10,672
Reciprocal billing - hospital services payable	9,019	8,467
Provision for student loan debt reduction	7,708	8,844
St. Clare's Hospital - purchase	2,250	3,000
Due to Crown Agencies	-	1,241
Lottery Revenues	-	1,108
Total: Other Liabilities	1,513,240	1,646,360

NOTES

1. **Due to Government of Canada**
   This amount is comprised of $271.2 million for an Equalization loan, $60.4 million for Equalization overpayments and $15.3 million for Health and Social transfer overpayments.

2. **Accrued Salaries and Employee Benefits**
   Accrued salaries and employee benefits consists of $98.2 million for severence (31 March 2011 - $92.7 million), $83.6 million for leave and other employee benefits (31 March 2011 - $76.0 million) and $21.2 million for salaries (31 March 2011 - $18.5 million).

3. **Self-Insured Workers' Compensation Benefits**
   The amount of $32.0 million relates to the self-insured workers' compensation benefits liability as at 31 March 2012 (31 March 2011 - $31.8 million). During the 2010-11 fiscal year, an actuarial valuation as of 31 December 2010, with disclosures as at 31 March 2012, was obtained for the Province's self-insured workers' compensation benefits.

4. **Capital Leases**
   Interest rates for all capital leases range from 7.00% to 16.00% and have repayment schedules ranging in duration from less than a year to 11 years.

5. **Special Purpose Funds**
   Included in this schedule are funds totalling $9.6 million (31 March 2011 - $10.7 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the Financial Administration Act, appropriations are not required for these payments.

Schedule F

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt
As at 31 March 2012
with comparative figures for 2011

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding 2012	Amount Issued or Outstanding 2011	Notes
				($000)	($000)	($000)	($000)	
General Debentures:								
6L	25 Jul. 2001	25 Jul. 2011	6.40		-	-	200,000	1(b)
5U	15 Feb. 1989	15 Feb. 2012	11.00		-	-	114,738	1(b)
EC6	12 May 1993	12 May 2013	5.65		58,792	81,734	81,734	1(a)
6S	04 Jun. 2004	04 Jun. 2014	5.25		-	300,000	300,000	1(b)
5V	22 Nov. 1989	22 Nov. 2014	10.13		118,849	150,000	150,000	1(b)
AG	01 Jun. 1989	01 Jun. 2019	9.00	(150,000 U.S.)	117,811	149,625	145,440	1(b)
AH	01 Jun. 1990	01 Jun. 2020	9.88	(150,000 U.S.)	35,140	149,625	145,440	1(b)
AJ	29 Nov. 1990	01 Dec. 2020	10.00	(150,000 U.S.)	33,657	149,625	145,440	1(b)
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892	1(b)
AK	17 Oct. 1991	15 Oct. 2021	9.00	(200,000 U.S.)	40,586	199,500	193,920	1(b)
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	36,554	199,500	193,920	1(b)
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	49,817	199,500	193,920	1(b)
6B	07 Jul. 1995	07 Jul. 2025	9.15		21,430	100,000	100,000	1(b)
6C	05 Feb. 1996	05 Feb. 2026	8.45		30,773	150,000	150,000	1(b)
6F	17 Apr. 1998	17 Apr. 2028	6.15		92,632	450,000	450,000	1(b)
6H	27 Jul. 1999	17 Oct. 2029	6.50		39,647	200,000	200,000	1(b)
6K	30 Jun. 2000	17 Oct. 2030	6.55		78,547	450,000	450,000	1(b)
6R	12 Jun. 2003	17 Oct. 2033	5.60		37,748	300,000	300,000	1(b)
6T	21 Sep. 2004	17 Oct. 2035	5.70		31,959	300,000	300,000	1(b)
6U	28 Nov. 2006	17 Apr. 2037	4.50		30,884	350,000	350,000	1(b)
6V	15 May 2007	17 Oct. 2040	4.65		43,396	650,000	650,000	1(b)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		14,673	250,000	250,000	1(b)
	Total: General Debentures				912,895	4,927,001	5,212,444	
Other:								
Treasury bill borrowings					-	492,823	492,721	1(c)
	Total: Other				-	492,823	492,721	

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding 2012	2011
				($000)	($000)	($000)
Government of Canada and Agencies:						
Canada Pension Plan Investment Fund Debentures - note 1(d)						
3A-285 to 3A-288	02 Apr. 1991 to 02 Jul. 1991	02 Apr. 2011 to 02 Jul. 2011	9.81 to 10.04	-	-	40,858
3A-289 to 3A-291	01 May 1992 to 02 Jul. 1992	01 May 2012 to 02 Jul. 2012	9.17 to 9.45	-	28,770	28,770
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293 to 3A-303	02 Apr. 1999 to 03 Mar. 2000	02 Apr. 2019 to 03 Mar. 2020	5.89 to 7.02	-	35,282	35,282
3A-304 to 3A-314	01 Apr. 2000 to 02 Mar. 2001	01 Apr. 2020 to 02 Mar. 2021	6.41 to 6.90	-	42,645	42,645
3A-315 to 3A-326	01 Apr. 2001 to 01 Mar. 2002	01 Apr. 2021 to 01 Mar. 2022	6.38 to 6.85	-	52,376	52,376
3A-327 to 3A-337	01 Apr. 2002 to 01 Mar. 2003	01 Apr. 2022 to 01 Mar. 2023	5.88 to 6.61	-	52,104	52,104
3A-338 to 3A-347	05 Apr. 2003 to 01 Mar. 2004	05 Apr. 2023 to 01 Mar. 2024	5.41 to 6.15	-	50,738	50,738
3A-348 to 3A-356	02 Apr. 2004 to 02 Jan. 2005	02 Apr. 2024 to 02 Jan. 2025	5.36 to 5.92	-	47,146	47,146
3A-357 to 3A-359	01 Apr. 2005 to 03 Jun. 2005	01 Apr. 2025 to 03 Jun. 2025	4.91 to 5.34	-	23,987	23,987
Total: Canada Pension Plan Investment Fund Debentures				-	334,875	375,733

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding 2012	2011
				($000)	($000)	($000)
Harbour Lodge - see note 1(e)				-	421	447
Sun Life Assurance Company of Canada - see note 1(f)				-	93,707	97,051
Total: Agencies				-	94,128	97,498
Total: Government of Canada and Agencies				-	429,003	473,231
Total: Debenture and Other Debt				912,895	5,848,827	6,178,396
Current portion of Debenture and Other Debt					525,439	736,947
Long-term portion of Debenture and Other Debt					5,323,388	5,441,449
					5,848,827	6,178,396

NOTES

1. Details of Debt Issues

a) Non-callable by the Province, except upon changes in tax status and/or law, then as a whole at par.

b) Non-callable.

c) This amount represents the net proceeds from the sale of $494 million discounted treasury bills with maturity dates ranging from 5 April 2012 to 28 June 2012 and interest rates ranging from 0.912% to 0.983%.

d) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund from March 1999 to June 2005. Commencing July 2005, Canada Pension Plan borrowings have not been rolled over and have been allowed to mature.

e) This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended installments of principal and interest, at an interest rate of 7.875%, maturing 1 December 2021.

f) Sun Life Assurance Company of Canada represents the secured creditors of the Exploits River Hydro Partnership and the Star Lake Hydro Partnership per Section 10.(2) of the Abitibi Consolidated Rights and Assets Act. The secured creditors of the Exploits River Hydro Partnership include Industrial Alliance Life Insurance, Manufacturers Life Insurance Company of Canada and Sun Life Assurance Company of Canada. This loan is repayable in blended quarterly installments of principal and interest, at an interest rate of 7.552%, maturing 31 December 2028. The secured creditors of the Star Lake Hydro Partnership include Sun Life Assurance Company of Canada, Industrial Alliance Life Insurance, Canada Life Assurance Company, Standard Life Assurance Company of Canada and Manufacturers Life Insurance Company of Canada. This loan is repayable in blended monthly installments of principal and interest, at an interest rate of 9.20%, maturing 1 April 2023.

DEBENTURE AND OTHER DEBT (continued)

2. Sinking Fund Balance

See note 5 of the Notes to the Financial Statements.

3. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2012 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian	Unamortized Foreign Exchange Gains/(Losses)	Net
	($000)		($000)	($000)	($000)
U.S.	1,050,000	0.9975	1,047,375	229,855	1,277,230
Canadian			4,801,452	-	4,801,452
		Sub-total	5,848,827	229,855	6,078,682
	Foreign sinking funds		(313,565)	(58,503)	(372,068)
	Canadian sinking funds		(599,330)	-	(599,330)
		Total	4,935,932	171,352	5,107,284

4. Contributions and Repayment Requirements

Sinking fund contributions and debt repayments which are not funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	U.S.	Canadian	Total
	($000)	($000)	($000)
2012-2013	7,250	73,893	81,143
2013-2014	7,250	43,822	51,072
2014-2015	7,250	341,935	349,185
2015-2016	7,250	313,518	320,768
2016-2017	5,000	42,759	47,759
2017-2043	22,500	1,145,661	1,168,161
	56,500	1,961,588	2,018,088

The foreign exchange gain which has been realized on the Statement of Operations is $20.7 million.

5. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2012 would result in an increase/decrease in foreign borrowings of $10.5 million (31 March 2011 - $10.5 million).

6. Related Sinking Fund Investments

At year end, the Province held $520.6 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2011 - $561.5 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of $390.5 million in Canadian investments and $130.1 million in US investments.

DEBENTURE AND OTHER DEBT (continued)

7. Debt Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

Schedule G

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2012
with comparative figures for 2011

	Limit of Guarantee	Contingent Liability	
		2012	2011
	($000)	($000)	($000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	72	72	72
Grand Falls - Windsor	8	8	10
Harbour Breton	171	171	171
Harbour Grace	127	127	127
La Scie	4	4	6
Placentia	70	70	70
Wabana	18	18	18
	470	470	474
Crown Corporations - note 2:			
Eastern Regional Health Authority	120,542	120,542	121,937
Newfoundland and Labrador Hydro Electric Corporation	999,843	999,843	976,612
Newfoundland and Labrador Municipal Financing Corporation	55,467	55,467	80,769
	1,175,852	1,175,852	1,179,318
Guaranteed Bank Loans:			
Crown Corporations:			
Labrador-Grenfell Regional Health Authority	5,000	-	-
Marble Mountain Development Corporation	2,100	1,928	1,977
	7,100	1,928	1,977
Fisheries - note 3:			
11072 Newfoundland Ltd.	73	73	123
A & E Fisheries Limited	374	374	719
AAG Enterprises Inc.	102	102	122
Alcon Enterprises	-	-	133
Anchor Point Enterprises Limited	321	321	353
Andrew Daley Limited	231	231	270
Ashco Fishing Limited	276	276	406
Ashley Enterprises Limited	206	206	-
Ashley's Pride Enterprises Limited	304	304	350

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2012	2011
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
Atlantic Blue Fin Limited	576	576	670
B.A.D.S. Fisheries Limited	333	333	375
B & R Genge Company Limited	464	464	511
BNB Morey Fisheries Limited	347	347	396
Butler, Harold	100	100	125
C & L Harvesting Limited	864	864	936
Campbell Fisheries Limited	216	216	252
CJ Fisheries	347	347	396
Collins Fisheries Limited	-	-	114
Daley, Gary	280	280	320
Drover's Sea Harvesting Limited	856	856	934
Dwight Russel Enterprises Limited	780	780	840
E & E Fisheries Limited	761	761	930
F & G Fisheries Limited	237	237	237
F.I.C. Enterprises Limited	-	-	297
Feltham, Alexander	44	44	87
Fennell, Thomas and Jeanette	-	-	83
Frazer Scanlon	70	70	-
G & D Fisheries Limited	483	483	552
G W R Fisheries Limited	374	374	430
Gallant, Guy	-	-	107
Genge, Emanual Jr.	-	-	512
Genge, Jarvis	534	534	593
Genge, Theodore	875	875	925
Greenham, David J. and Billy F.	1,143	1,143	1,233
Greenspond Fisheries Limited	122	122	152
Haily Bear Enterprises Limited	408	408	467
Hart, Lloyd	-	-	51
Harvester Enterprises Limited	161	161	188
Hickey, John P., John J., & Daniel J	-	-	195
Hicks Fisheries Limited	292	292	350
High Tide Enterprises Limited	195	195	244
High Wave Fisheries Limited	137	137	207

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2012	2011
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries - note 3:			
Hyde, Gary and Karen	-	-	19
J & K Frampton Enterprises Limited	302	302	-
J.T. Fisheries Limited	155	155	172
JBCE Fisheries Limited	104	104	156
Jones, Richard	240	240	264
Kailey Venture Limited	500	500	-
Kane, Charles M	43	43	49
Lavers, Boyd George	687	687	755
Lavers, Dion	28	28	35
Lewis, Patrick	34	34	68
Leyte, Melvin	394	394	473
Lormar Enterprises Limited	-	-	112
Lower Coast Fisheries Inc.	67	67	86
Lynch, Levi	66	66	82
Martin, Harold	-	-	128
McCarthy, Dennis	847	847	924
Mike Butland Fisheries Ltd.	-	-	450
Morningstar Enterprises Limited	494	494	550
Newfoundland Leader Limited	347	347	410
Newfoundland Mariner Fishing Enterprises Limited	750	750	844
Noel Fisheries Limited	60	60	91
Norman, Glenn	-	-	196
Ocean Surfer Limited	-	-	279
Pencol Enterprises Limited	467	467	534
Penney's Fisheries Limited	325	325	396
Petten, Neal	73	73	148
Petten, Raymond, Ivan & Sheldon	-	-	305
Piercey's Fishing Enterprises Limited	254	254	290
Porter, Robert E. and Robert W.	-	-	23
R & C Rose Enterprises Limited	-	-	123
Ryan, Randy and Lisa	36	36	73
Ryan, Randy and Lisa and Sea Surfer Enterprises Ltd.	57	57	71
S & I Fisheries Limited	31	31	63
S & J Fisheries Inc.	268	268	313
Salt Water Foam Company Limited	135	135	162

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2012	2011
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries - note 3:			
Shirley Ann D Enterprises Limited	297	297	354
Strabcol Enterprise Ltd.	388	388	431
Straits Venture Inc.	335	335	372
Symmonds, Michael - et al	42	42	62
T & C Fisheries Ltd.	300	300	330
The Roberts and Sisters Enterprises Limited	108	108	130
Timton Enterprises Ltd.	405	405	495
TJL Enterprises Limited	236	236	275
Toope's Enterprises Limited	112	112	177
Trina and Sons Ltd.	261	261	284
W&R Enterprises Limited	-	-	257
Walsh's Fisheries Limited	45	45	90
Ward, Cecil	201	201	235
What's Happening Fisheries Limited	-	-	468
	22,380	22,380	28,789
Aggregate Limit & Contingent Amount	34,501	34,501	34,276
Corporate:			
Fogo Island Co-operative Society Limited	1,500	-	-
Gray Aqua Group Ltd.	-	-	5,110
Smith Seafoods Limited	100	21	23
Stephenville Airport Corporation	600	240	204
Torngat Fish Producers Co-op Society Limited	2,100	1,445	904
	4,300	1,706	6,241
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Expenses	200	-	-
	200	-	-
Other Guarantees:			
Crown Corporations:			
Newfoundland and Labrador Immigrant Investor Fund Limited - note 4	265,291	265,291	237,567
Student Loan Corporation of Newfoundland and Labrador - note 5	-	-	142,000
	265,291	265,291	379,567
	1,475,593	1,467,627	1,596,366

GUARANTEED DEBT (continued)

NOTES

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less down payment and less any receipted Provincial subsidy.

Contingent Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province would be liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee.

2. Debenture Issues with Sinking Funds

Corporations for which guarantees are presented net of sinking funds values:

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	($000)	($000)	($000)	($000)
Eastern Regional Health Authority				
- Canadian Funds	130,000	2,605	12,063	120,542
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,225,000	17,430	290,559	951,871
- Promissory Notes	47,972	-	-	47,972
	1,272,972	17,430	290,559	999,843
Newfoundland and Labrador Municipal Financing Corporation				
- Canadian Funds	55,262	205	-	55,467

3. Fisheries Loans

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. With regard to these term loans, the Province's contingent liability under each individual guarantee is determined as being limited to the lessor of the term loan or 20% of the aggregate of all term loans made by the Bank, less the total of all claims paid to the Bank by the Province with respect to these loans.

For the fiscal year ended 31 March 2012, the Province's contingent liability with respect to these guarantees is $22.4 million (31 March 2011 - $28.8 million).

GUARANTEED DEBT (continued)

4. Newfoundland and Labrador Immigrant Investor Fund Limited

The Corporation was incorporated on 28 April 2005 under the Corporations Act of the Province of Newfoundland and Labrador. The purpose of the Corporation is to administer and invest the Newfoundland and Labrador allocation of funds received from immigrant investors by Citizenship and Immigration Canada under its Business Immigration Program. The Province guarantees repayment of the funds received.

5. Student Loan Corporation of Newfoundland and Labrador

The Student Loan Corporation of NL (SLC) was established on March 30, 2004 under the authority of the Student Financial Assistance Act for the purpose of funding and administering loans to qualifying post-secondary students. At March 31, 2011, the contingent liability for the SLC was $142 million. This amount represented floating rate notes issued by the SLC which matured on September 30, 2011. At the maturity date, the Province assumed this debt using available cash resources and entered into an agreement with the SLC for repayment of the debt over a five year period. Interest is payable quarterly and the SLC has the option to make quarterly principal payments at its sole discretion.

6. Payments under Guarantee

During the 2011-12 fiscal year there were no payments under guarantee.

7. Valuation Allowance

The provision for guaranteed debt for 31 March 2012 is nil (31 March 2011 - nil).

Schedule H

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off
For the year ended 31 March 2012
with comparative figures for 2011

Department	2012 ($000)	2011 ($000)
Finance:		
Remissions	304	586
Tax Forgiveness	3	1,411
	307	1,997
Advanced Education and Skills:		
Overpayment of social assistance	1,062	209
Justice:		
Uncollectible accounts	481	110
Municipal Affairs:		
Uncollectible accounts	-	105
Health and Community Services:		
Uncollectible accounts	-	17
Executive Council:		
Uncollectible accounts	-	1
Education:		
Uncollectible accounts	1,947	-
Total: Losses, Uncollectible Accounts and Other Amounts Written Off	3,797	2,439

Schedule I

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2012
with comparative figures for 2011

	2012 ($000)	2011 ($000)
Office of the Public Trustee - note	29,705	-
Eastern Regional Health Authority Sinking Fund	12,063	10,670
Teachers' Accrued Salary Trust Account	8,736	8,726
Federal/Provincial Contractors' Security Account	8,477	6,516
Registrar of the Supreme Court	7,810	32,766
Rate Stabilization Fund	6,286	6,025
Consolidated Tender Account	5,239	2,048
Support Enforcement	900	1,157
Provincial Courts Trust Account	559	452
Churchill Falls (Labrador) Corporation Trust	363	227
High Sheriff of Newfoundland	208	74
Contractors' Security Account - Transportation and Works	186	390
Provincial Nominee Program	163	241
Securities Payable	138	91
H.M. Penitentiary	88	86
Victims of Mount Cashel	81	81
Newfoundland and Labrador Youth Centre	19	27
Bishop's Falls Correctional Centre	17	8
Chief Electoral Office Account	8	1
West Coast Correctional Centre	8	3
Labrador Correctional Centre	6	8
School for the Deaf	5	6
Commercial and Corporate Affairs Trust	1	1
Labour Standards Tribunal	-	2
Rooms Trust Account	-	94
Total: Trust Accounts	81,066	69,700

NOTE

Office of the Public Trustee

During the year, the Office of the Public Trustee was created, originating from the Registrar of the Supreme Court. The balance for the new trust has been reflected for 2012. The comparatives are not restated given this is a new entity for the current fiscal year.

Schedule J

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2012

	General Government Sector and Legislative Branch	Resource Sector	Social Sector	Total
	($000)	($000)	($000)	($000)
REVENUE				
Provincial				
Taxation	3,143,199	148	-	3,143,347
Non-tax revenue	389,242	2,843,795	11,915	3,244,952
Related revenue	118,328	26,860	41,757	186,945
Government of Canada	1,210,296	167,865	108,792	1,486,953
Total Sector Revenue	4,861,065	3,038,668	162,464	8,062,197
EXPENSE				
Salaries	230,171	156,980	196,943	584,094
Employee benefits	40,503	1,607	1,696	43,806
Retirement costs	325,882	-	-	325,882
Transportation and communications	13,994	17,526	12,170	43,690
Supplies	82,924	9,820	21,705	114,449
Professional services	29,008	11,945	390,406	431,359
Purchased services	271,151	55,823	87,604	414,578
Property, furnishings and equipment	2,867	1,234	51,095	55,196
Allowances and assistance	1,899	317,619	205,394	524,912
Grants and subsidies	35,359	731,823	3,248,808	4,015,990
Debt expenses	722,170	8,212	1,423	731,805
Amortization (tangible capital assets)	84,613	11,732	22,028	118,373
Bad debt expense	-	(1,752)	-	(1,752)
Total Sector Expense	1,840,541	1,322,569	4,239,272	7,402,382
SECTOR SURPLUS (DEFICIT)	3,020,524	1,716,099	(4,076,808)	659,815

REVENUE AND EXPENSE BY SECTOR (continued)

NOTE

Sectors

The sectors identified above are comprised of a broad array of programs which are delivered through the various departments and are consistent with the presentation of the 2011-12 Estimates. Revenue and Expenses have been attributed to individual departments based on where the program is administered. Certain amounts have been allocated on a systematic basis. The sectors include the following departments:

General Government Sector and Legislative Branch

This sector consists of the Departments of Consolidated Fund Services, Executive Council, Finance, Legislature, Public Service Commission, Service Newfoundland and Labrador and Transportation and Works.

Resource Sector

This sector consists of the Departments of Advanced Education and Skills, Environment and Conservation, Fisheries and Aquaculture, Innovation, Business and Rural Development, Natural Resources and Tourism, Culture and Recreation.

Social Sector

This sector consists of the Departments of Child, Youth and Family Services, Education, Health and Community Services, Justice, Municipal Affairs and Newfoundland and Labrador Housing Corporation.

Schedule K

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Reconciliation of Budgetary Contribution (Requirement) to Accrual
For the year ended 31 March 2012
with comparative figures for 2011

	2012		2011	
	Current	Capital	Current	Capital
	($000)	($000)	($000)	($000)
Budgetary Contribution (Requirement) - note	1,377,233	(676,627)	1,155,893	(702,962)
Less: Amounts capitalized	-	8,591	-	28,048
	1,377,233	(668,036)	1,155,893	(674,914)
Surplus (Deficit) - accrual	987,425	(327,610)	803,173	(388,298)
Difference	389,808	(340,426)	352,720	(286,616)
The difference is comprised of the following:				
Sinking fund earnings	(55,707)	-	(52,197)	-
Accrued retirement costs - interest	368,305	-	378,320	-
Accrued retirement costs - other	203,598	-	225,311	-
Amortization of foreign exchange gains/losses	(22,349)	-	(19,067)	-
Other debt expenses	2,460	(1,559)	11,283	(1,555)
Bad debt expenses	-	(1,752)	-	2,684
Amortization of tangible capital assets	-	118,373	-	125,414
Tangible capital asset acquisitions/adjustments - net	-	(386,290)	-	(379,625)
Inventories of supplies	798	-	(2,474)	-
Accrued revenues and expenses	(107,297)	(69,198)	(188,456)	(33,534)
Difference	389,808	(340,426)	352,720	(286,616)
		49,382		66,104

NOTE

The Budgetary Contribution (Requirement) for current and capital accounts are per the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2012.